



وزارة الاستثمار
Ministry of Investment

Water Investment Opportunities

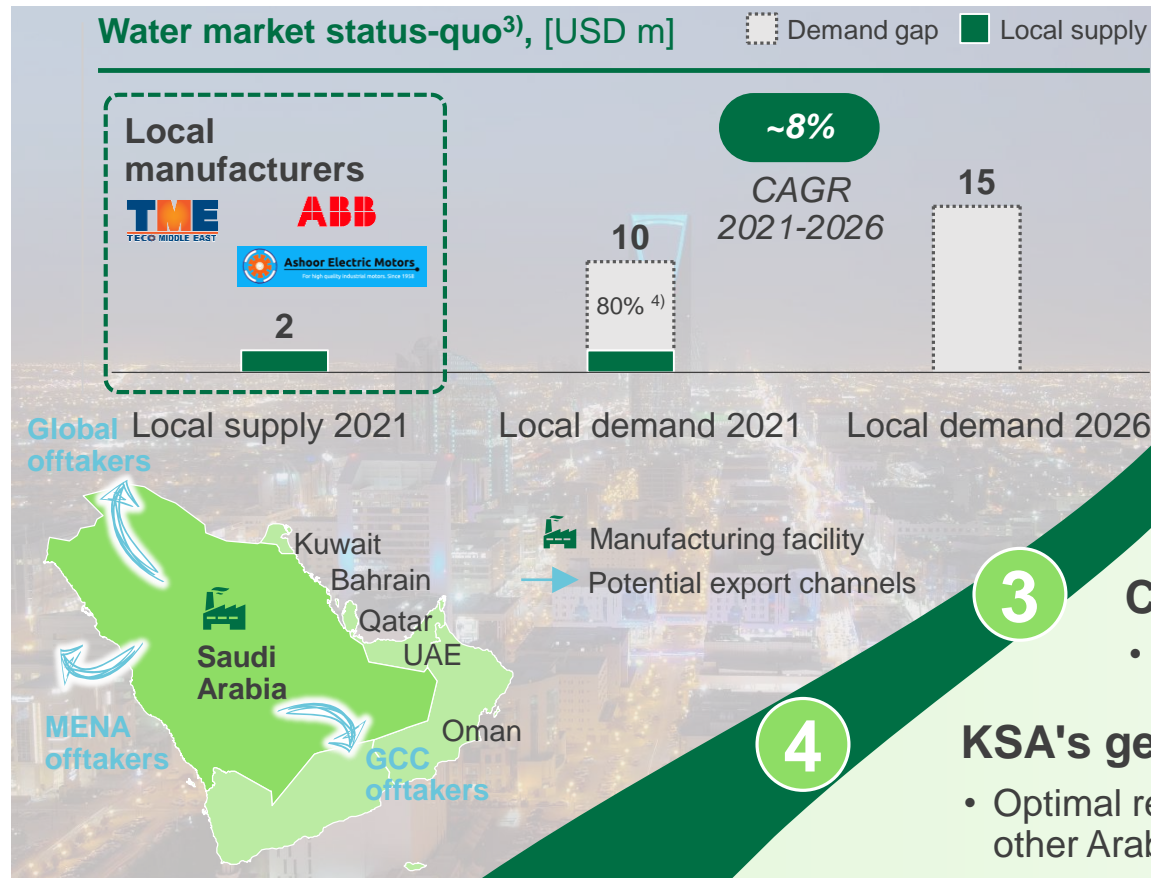
Investor promotion pack –
**Local manufacturing of induction
motors**

Riyadh, March 2022

Manufacturing of induction motors in KSA – Overview & value proposition

Opportunity overview

Establish a **c.2,000 units p.a. manufacturing plant** for induction motors to be used across the water and wastewater sectors



KSA value proposition

1

Large and growing water market

- Global leader in desalination with SAR c.250 bn of planned investments by 2025 in the water sector

2

Government commitment to upgrade the sector

- Ambitious targets to increase desalination to 90% of potable water supply, to increase water re-use to 90% and to extend the transmission network by c.3,000 km by 2025

3

Competitive incentives for industrial growth projects

- Subsidies offered on land, construction, labor, utilities, ...

4

KSA's geographical positioning

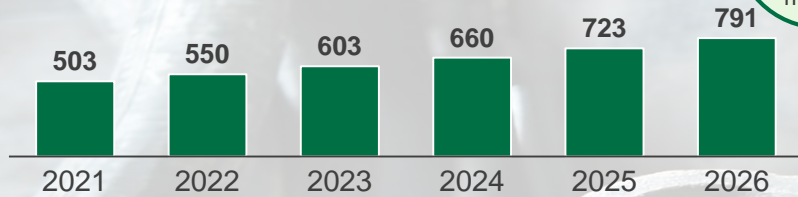
- Optimal regional positioning in addition to favorable trade agreements with other Arab countries

Manufacturing of induction motors in KSA – Market outlook

Value chain

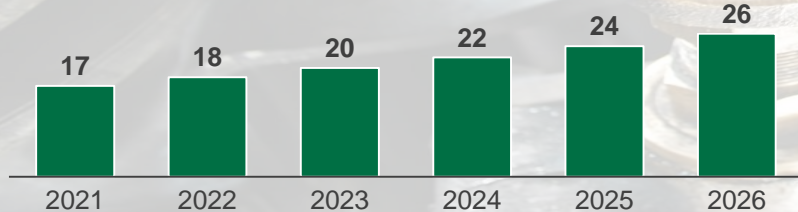


GCC¹⁾²⁾ induction motors market potential, 2021-2026 [USD m]



KSA market
c.50% of the GCC market

Global²⁾ induction motors market potential, 2021-2026 [USD bn]



MENA market
c.8% of global market

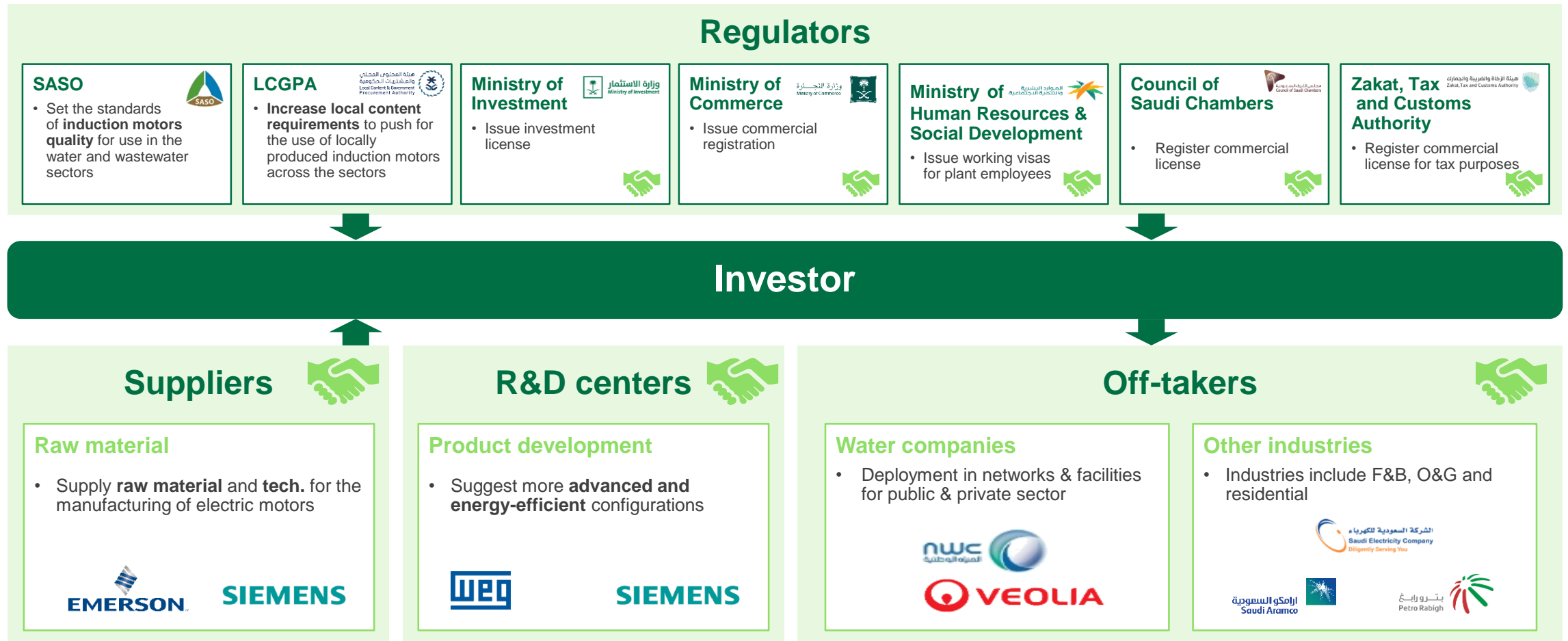
Local market drivers

- 1 Infrastructure expansion with **additional 5.5 million m³** per day of desalination capacity
- 2 **Expansion in transmission and distribution** networks amounting to SAR 124 bn
- 3 Target of **100% wastewater treatment capacity** by 2030
- 4 Investment in 4.3 million m³ per day for **re-use of treated wastewater**
- 5 Similar growth observed in **regional markets** and potential for exports

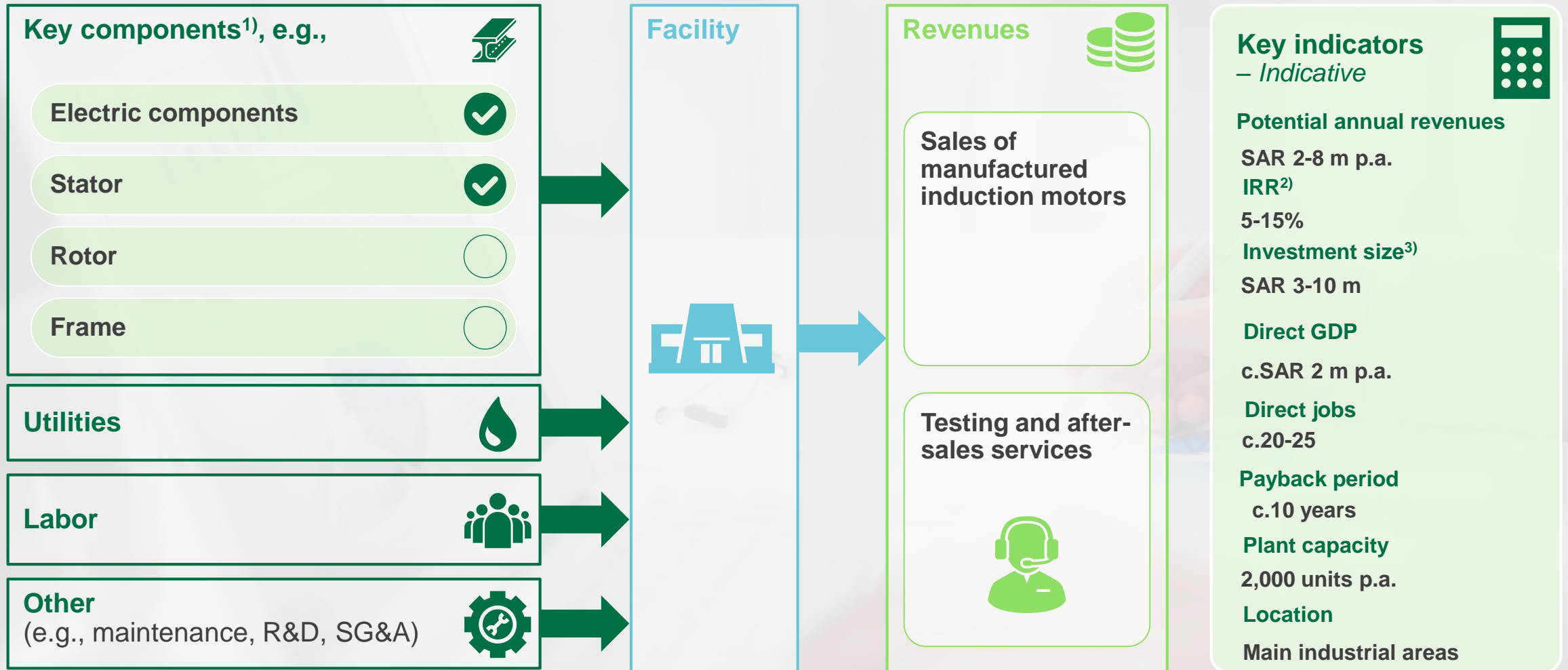
Global market trends

- 1 **Global shift** towards the **localization** of crucial equipment in the water sector to avoid supply chain issues
- 2 Global trend to **reduce energy consumption across the network** while ensuring a sufficient and reliable supply
- 3 **Technological development and digitalization** across induction motors to optimize energy consumption and performance

Manufacturing of induction motors in KSA – Stakeholder ecosystem



Manufacturing of induction motors in KSA – Business model & financials



Manufacturing of induction motors in KSA – Enablers & incentives

Existing enablers & incentives

Financial	Facility¹⁾ 	<ul style="list-style-type: none"> • Competitive land costs relative to other countries • Provision of soft loans through SIDF – up to 75% of project financing 	
	Equipment 	<ul style="list-style-type: none"> • Customs duty exemption for machines used for certain manufacturing processes 	
	Utilities²⁾ 	<ul style="list-style-type: none"> • Low power and water costs set for industrial cities 	
	Labor 	<ul style="list-style-type: none"> • Nationalization incentives set; HRDF covers a share of the salary • Facilitative procedures³⁾ for foreigners with specialized skills 	
Non-financial	Imports 	<ul style="list-style-type: none"> • Refund to importers/ exporters that import and then export more finished products 	
	Exports 	<ul style="list-style-type: none"> • Trade agreements with multiple countries and organizations (e.g., GAFTA, European Free-Trade Agreement) 	
	Other 	<ul style="list-style-type: none"> • Extension of the expiry period for industrial licenses as well as exemptions on governmental fee payments 	

Additional MISA support

- 
Facilitate the registration process of companies in KSA
- 
Establish connection with local suppliers / importers of components
- 
Introduce investor to relevant public stakeholders

Additional enablers and incentives can be discussed with MISA on case-by-case basis 

Local manufacturing of HDPE pipes – Cost of Doing Business



- 1 Electricity tariffs for industrial players
 - USD 48/MWh
- 2 Productivity adjusted wages
 - USD 3.3/hour
- 3 Logistics Performance Index (1-5)
 - 3.2
- 4 Construction Costs (Indexed to US, % 0 is cheapest)
 - 74
- 5 Ease of getting credit (0-100)
 - 50

Manufacturing of induction motors in KSA – Next steps

Phase 1: Initiation

- Submit expression of interest concerning the opportunity to MISA.
- Discuss with MISA the opportunity and organize site visit
- Communicate with involved entities (off-takers, feedstock providers, partners, etc.)
- Conduct pre-feasibility study and due-diligence before final investment decision
- Secure enablers and incentives
- Secure MISA investment license



Phase 2: Set up license requirements

- Secure commercial registration from Ministry of Commerce
- Secure working visas and labor working files from Ministry of
- Human Resources & Social Development & Ministry of Internal Affairs
 - Register at the Council of Saudi Chambers
 - Register at Saudi Banks
 - Register at Zakat, Tax and Customs Authority



Phase 3: Set foundation

- Conduct due-diligence to build capabilities (e.g., locate appropriate land plot, initiate the recruitment of manpower)
- Build manufacturing plant and purchase equipment



Phase 4: Launch production

- Initiate production of induction motors and monitor its market performance
- Adjust to market demand and ramp-up production output to achieve targeted utilization



Execution steps



Expected in 2024-26


Recommended project type


Private investment

JV w/ local company

PPP

Start your journey with MISA

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